



Australian Abrasive Minerals Pty Ltd

(Subject to Deed of Company Arrangement)

ACN 118 292 756

Report by Deed Administrators

8 October 2020

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1 Executive summary

1.1 Introduction

We refer to the appointment of Rahul Goyal, John Bumbak and Richard Tucker as Voluntary Administrators ('the Voluntary Administrators') of Australian Abrasive Minerals Pty Ltd (Subject to Deed of Company Arrangement) ('the Company' or 'AAM') on 24 October 2019.

The first meeting of creditors of the Company was held on 5 November 2019.

Subsequently, the second meeting of creditors of the Company was held on 4 March 2020. At that meeting, creditors of the Company resolved that the Company should enter into a Deed of Company Arrangement ('DOCA'). The DOCA was executed on 24 March 2020 with Rahul Goyal, John Bumbak and Richard Tucker appointed as Deed Administrators ('the Deed Administrators').

The purpose of this report is to provide creditors with an update on the Company's affairs since the execution of the DOCA (24 March 2020) and to advise creditors that a meeting of creditors is to be held to discuss the termination of the DOCA.

This report should be read in conjunction with the Report by Administrators dated 26 February 2020 ('Report by Administrators') and also various stakeholder updates, available on the creditors section of the KordaMentha website at www.kordamentha.com/creditors/australian-abrasive-minerals-pty-ltd.

1.2 Purpose of report and meeting of creditors

The purpose of this report is to provide creditors with an update on the Company's affairs since the execution of the DOCA and to advise creditors that a meeting of creditors is to be held to consider the Deed Administrators' update (including a proposal to terminate the DOCA and wind up the Company), consider approval of the Voluntary Administrators' internal disbursements, the Deed Administrators' remuneration and if appropriate to consider approval of the liquidators' remuneration.

At the meeting we will specifically consider the option of terminating the DOCA and the Company being wound up.

1.3 Update on the Deed of Company Arrangement

The Company entered into a DOCA on 24 March 2020, which was proposed by Remagen Lend AIM Pty Ltd ('Remagen'). Upon signing the DOCA, control of the Company reverted to its directors which was chosen by Remagen. Remagen put forward its Managing Director, Simon Raftery as the sole director to the Company. The DOCA also provided that the Company assume operational and financial control (and liability) of the Company's mining operations. The Company has therefore been responsible for all operations of the Harts Range Mine and Mineral Separation Plant since the execution of the DOCA.

The Deed Administrators have actively sought to work with Remagen, in its capacity as the DOCA proponent, to provide them time to satisfy the conditions of the DOCA and then allow the DOCA to effectuate. Importantly, upon the satisfaction of those conditions, Remagen are required to pay the DOCA contribution to the Deed Administrators, to allow the payment of the anticipated dividend to priority (employee) creditors for their entitlements. Further information on the terms of the DOCA is detailed in section 3 of this report.

Following several extension requests by Remagen, the Deed Administrators provided Remagen with a final notice on 31 July 2020 that the DOCA contribution of \$600,000 was required to be received by 30 September 2020. This date would have then allowed the payment of the priority (employee) dividend by 5 October 2020.

However, on 22 September 2020 Remagen advised the Deed Administrators that they would not be making the DOCA contribution payment and as such not meet the requirements set out under the terms of the DOCA to allow effectuation. This also meant that the Deed Administrators were without the necessary funds to make payment of the priority (employee) creditor dividend by 5 October 2020.

Accordingly, to allow priority (employee) creditors to access their entitlements from the Commonwealth Government Fair Entitlement Guarantee scheme ('FEG') the Deed Administrators will hold a meeting of creditors and allow creditors to consider the termination of the DOCA and also place the Company into liquidation.

For a comprehensive update on the Company's affairs for the voluntary administration period, please refer to the Report by Administrators available on the KordaMentha website.

2 Meeting of creditors

As a result of the DOCA proponent failing to satisfy the terms of the DOCA, the Deed Administrators are convening a meeting of creditors so that creditors may consider the following:

1. Consider this report and the proposal to terminate the DOCA and wind up the Company.
2. Consider the internal disbursements of the Voluntary Administrators and remuneration of the Deed Administrators.
3. If appropriate, consider the appointment of Rahul Goyal, John Bumbak and Richard Tucker as liquidators of the Company.
4. If appropriate, consider the remuneration of the liquidators of the Company.
5. To consider the appointment of a committee of inspection, and
6. Consider any other matters that creditors wish to discuss.

A meeting of creditors of the Company is to be held via online conference facilities on 22 October 2020. Registration for all creditors will open at 10.45 am with the meeting commencing at 11.00 am AEDT. A Notice of Meeting is attached to this report at Appendix B.

Considering the ongoing situation surrounding COVID-19 and in line with Australian Government and ASIC directives, the Deed Administrators will convene the meeting of creditors via online conference facilities on Microsoft Teams. No creditors will be able to physically attend the meeting in person.

All creditors wishing to attend and/or participate in the meeting must submit a Notice of Electronic Facilities for Meeting form to register their attendance and request dial-in details at least 48 hours prior to the meeting, being no later than 11.00 am AEDT on 20 October 2020. A copy of the Notice of Electronic Facilities for Meetings form is attached to this report at Appendix F.

Please note as per ASIC's current directives for holding meetings, the Chairperson will be required to conduct all voting by a poll. Voting by poll via online conference facilities will be a difficult and time-consuming process, especially with significant attendees.

The Deed Administrators strongly recommend all creditors submit a Special Proxy prior to the meeting to assist with the voting process (please see below section on Proxies and Proofs of Debt). A Special Proxy is one where the creditor has specifically determined how it would like to vote on the various resolutions on the Proxy Form, prior to the meeting.

2.1 How to participate in the meeting

To participate in the meeting, you will need to:

- Submit a Proof of Debt and information to substantiate your claim. Those creditors who have already lodged a Proof of Debt are not required to lodge a further proof (unless they wish to amend their claim).
- Complete the enclosed Notice of Electronic Facilities for Meeting. Once this form is returned to us, we will register your intention to participate in the meeting and will provide you with access details to attend the meeting.
- If you are not able to attend the meeting but would like to participate, appoint a person – a 'proxy' or person authorised under a power of attorney – to vote on your behalf at the meeting. This will also be necessary if the creditor is a company. Completing the Appointment of Proxy form prior to the meeting will help with proceedings during the meeting.

The above documentation must be returned to our office by no later than 11.00 am AEDT on 20 October 2020. They may be mailed to GPO Box 2523, Sydney NSW 2001, faxed to (02) 8257 3099 or scanned and emailed to mbarringtonsmith@kordamentha.com.

2.2 Proxies and Proofs of Debt

An Appointment of Proxy Form ('Proxy Form') and a Proof of Debt or Claim Form ('Proof of Debt Form') are included at Appendix C and Appendix D of this report.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Corporations Act 2001 ('the Act') or your representative is appointed pursuant to Section 250D of the Act, otherwise you will not be entitled to vote at the meeting.

You can appoint the chairperson of the meeting or another person as your proxy and direct the chairperson or that person as to how you wish your vote to be cast. If you choose to do this, the chairperson or that person must cast your vote as directed.

Please note that proxies lodged in respect of the last meeting of creditors held on 4 March 2020 are not valid for this meeting. Creditors should also note that Proof of Debt Forms lodged for this meeting are for voting purposes only but may be used for voting on resolution proposals without a meeting and distribution purposes.

Proxy Forms and Proof of Debt Forms must be received no later than 11.00 am AEDT on 20 October 2020, failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed to GPO Box 2523, Sydney NSW 2001, faxed to (02) 8257 3099 or scanned and emailed to mbarringtonsmith@kordamentha.com.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms, can be found on the KordaMentha website www.kordamentha.com/creditors.

Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the Proof of Debt Form at Appendix D or return the Nomination of Electronic Notification Form previously provided.

3 Compliance with terms of DOCA

As creditors are aware, at the second meeting of creditors held on 4 March 2020, creditors of the Company voted in favour of a DOCA proposal put forward by Remagen Lend AIM Pty Ltd ('Remagen').

The key terms of the DOCA approved by creditors are as follows:

1. Unsecured creditors accept the terms of the DOCA in full and final satisfaction of their debts.
2. Remagen is a non-Participating Creditor in the DOCA meaning they cannot participate in any distributions from the DOCA fund.
3. On meeting certain preconditions set out in the DOCA, the DOCA will be executed.
4. The Administrators of the DOCA are to be Rahul Goyal, John Bumbak and Richard Tucker.
5. Remagen, in its capacity as deed proponent, makes a contribution of \$0.02 million towards the DOCA, \$0.23 million to cover trading liabilities of the Deed Administrators and a third contribution equal to the net balance of outstanding entitlements of Non-Continuing Employee Creditors (~\$0.35 million).
6. The DOCA also incorporates the standard terms and provisions which are described in the Act and deal with the following:
 - a. Administrators deemed agent of the Company
 - b. Powers of the Administrators
 - c. Termination of the DOCA where the arrangement fails
 - d. Termination of DOCA where arrangement serves purpose
 - e. Priority
 - f. Discharge of debt
 - g. Claims extinguished
 - h. Bar to creditors' claims
 - i. Making claims
 - j. Meetings.

Further to the above, the Remagen DOCA proposed that immediately upon execution of the DOCA control would return to the Company's directors. Remagen, as the DOCA proponent, nominated Simon Raftery as the sole director appointed to the Company with his appointment occurring on 24 March 2020. The Company has since taken full control of AAM and its operations, including operational and financial control (and liability) of the Company's mining operations. As such, if creditors vote in favour of terminating the DOCA and place the Company into liquidation, control of the Company will be returned to the liquidators upon passing of that resolution at the meeting of creditors.

On 22 September 2020 Remagen advised the Deed Administrators that they would not be making the DOCA contribution payments by the final deadline afforded by the Deed Administrators of 30 September 2020 and therefore would not meet the terms of the DOCA. As a result, in accordance with the provisions of the DOCA, we are convening a meeting of creditors to consider the options available, which are detailed in section 4 of this report.

4 Alternatives available to creditors and recommendation

Pursuant to Sections 445C(b) and 445E of the Act, creditors may resolve to:

- terminate the DOCA.
- accept the proposal to terminate the DOCA and resolve that the Company be wound up.

4.1 Terminate the DOCA

At the meeting, creditors may resolve to terminate the DOCA. Should this be the case, the Company will not be in a better position than that existing prior to our appointment as Administrators. The Company's director would then be in control of the assets.

However, this will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have the Company wound up at their own expense.

We are of the opinion that should the DOCA be terminated and the moratorium on creditors' claim cease, the Company would revert to the insolvent state it found itself in immediately prior to the commencement of the voluntary administration on 24 October 2019.

4.2 Terminate the DOCA and resolve that the Company be wound up

At the meeting, creditors may resolve to terminate the DOCA and that the Company be wound up. Should they do so, the Company will be placed into liquidation and pursuant to Sections 446A and 499 of the Act, the Company is taken to have nominated the Deed Administrators to be liquidators unless a person is appointed by the creditors of the Company to be the liquidator.

Should a nomination for an alternative liquidator be received prior to the meeting of creditors, we intend to put a resolution forward to creditors to consider the appointment of alternative liquidators.

The liquidators are required to realise the Company's assets and distribute those assets in accordance with the Act. The liquidators will also be required to complete a thorough investigation into the Company's past dealings and affairs, and the past actions of the directors.

Placing the Company into liquidation will enable priority (employee) creditors of the Company the opportunity to lodge a claim with the Commonwealth Government Fair Entitlement Guarantee scheme ('FEG') for outstanding employee entitlements. This will allow eligible employee creditors to receive payment for monies owing to them in respect of their entitlements.

4.3 Recommendation

In view of the alternatives available, we recommend that creditors vote in favour of the proposed termination of the DOCA and liquidation of the Company.

It is unlikely there will be sufficient asset realisations for a distribution to be made to unsecured creditors in either alternative.

5 Estimated dividend to creditors

5.1 Priority (employee) creditors

The estimated dividend to priority (employee) creditors under the terms of the DOCA was 100c/\$. Should creditors vote to place the Company into liquidation we will refer priority (employee) creditors to FEG to submit claims for outstanding employee entitlements. Due to superannuation being excluded from the FEG scheme, we estimate priority (employee) creditors to receive a dividend of ~80c/\$.

Priority (employee) creditors have already been referred to FEG in correspondence we issued to them on 2 October 2020. Additionally, the Deed Administrators have also already initiated the process with FEG internally to seek to expedite this process for priority (employee) creditors. Timing of the payment is however at the discretion of FEG.

5.2 Secured creditor

Any dividend to the secured creditor is dependent on the value realised from the sale of the Company's assets. These values are unknown at this current time but are not anticipated to be sufficient to fully repay the secured liability owing to Remagen.

We note that the liquidators' ability to deal with the Company's assets, which are secured to Remagen, will be limited to the extent that the liquidator has available funding. We continue to be in discussions with the secured creditor to determine the way forward for the Company's key assets, being the Harts Range Mine and Mineral Separation Plant. Should the secured creditor not be willing to fund a liquidator to allow ongoing operations and a potential sale of the Company's assets, then a liquidator may disclaim the property as onerous in accordance with Section 568 of the Act.

5.3 Unsecured creditors

Due to the expected shortfall of realisable assets in the liquidation and the quantum owed to priority (employee) creditors and the secured creditor, we do not expect there to be a dividend to unsecured creditors from the liquidation.

6 Further matters for consideration at the meeting

6.1 Committee of Inspection

If the Company is placed into liquidation at the meeting, creditors may consider whether a Committee of Inspection should be appointed.

The role of a Committee of Inspection is to consult with the liquidators and receive reports on the conduct of the liquidation. A Committee of Inspection can also approve the liquidators' fees.

It is our opinion that a Committee of Inspection is not required for the liquidation due to the relatively small size of the liquidation and the limited number of creditors. Accordingly, unless we receive a request from a creditor, we will not be putting forward a proposal to creditors at the meeting of creditors in this regard.

7 Remuneration and disbursements

The Deed Administrators will be seeking approval of their remuneration and internal disbursements of the Voluntary Administrators at the meeting.

If the DOCA is terminated and the Company is wound up, we will also be seeking approval of our future remuneration.

In accordance with Section 60-10 of Schedule 2 of the Act, the Remuneration Approval Request Report is enclosed in Appendix E. We will be seeking approval of our remuneration on a time basis in accordance with the schedule titled KordaMentha rates – National – FY2021, which is included in the Remuneration Approval Request Report.

Also included in the Remuneration Approval Request Report are details in relation to disbursements. In accordance with Section 60-20 of Schedule 2 of the Act, an administrator is not entitled to a profit of advantage whether directly or indirectly, from an external administration unless approved by a resolution of the creditors or leave is given by the Court.

8 Summary of receipts and payments

A summary of the receipts and payments for the voluntary administration and DOCA periods from 24 October 2019 to 8 October 2020 is included at Appendix A.

9 Next steps

We consider the following to be the next steps required to finalise the liquidation of the Company:

- Holding a meeting of creditors to consider resolving to terminate the DOCA and wind up the Company, scheduled for 22 October 2020 at 11.00 am AEDT.
- Seeking approval of the Deed Administrators remuneration.
- Seeking approval of the Voluntary Administrators internal disbursements.

- Seeking approval of the liquidator's remuneration.
- Liaising with FEG for the payment of outstanding employee entitlements to eligible property (employee) creditors.
- Completion of the sale of the Company's assets, to the extent that is possible.
- Distribution to the secured creditor, if appropriate.
- Finalising the liquidation of the Company.

It is expected that the liquidation will be completed within twelve months. However, completion may be delayed if there are unexpected delays and/or should a sale of the Company's assets occur.

10 Queries

ARITA provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

Should you have any queries in relation to the above, please contact Michael Barrington-Smith of this office on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com.



Rahul Goyal
Deed Administrator



John Bumbak
Deed Administrator



Richard Tucker
Deed Administrator

KordaMentha
Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000

Tel: (02) 8257 3000
Fax: (02) 8257 3099

Enc.

Appendix A Summary of receipts and payments

The below table provide a summary of receipts and payments for the voluntary administration period, 24 October 2019 to 24 March 2020 and the DOCA period, 24 March 2020 to 8 October 2020.

	Voluntary administration from 24 October 2019 to 24 March 2020 (\$)	DOCA from 24 March 2020 to 8 October 2020 (\$)	Total (\$)
Receipts			
Cash at bank on appointment	1,723,343	-	1,723,343
GST received	225,856	77,231	303,087
Insurance refund	184,223	5,735	189,958
Other income	1,527	53,344	54,871
Received from Voluntary Administrator	-	1,139,325	1,139,325
Sales	212,949	-	212,949
Total receipts	2,347,899	1,275,635	3,623,534
Payments			
Deed Administrators disbursements	-	(27)	(27)
Deed Administrators fees	-	(66,000)	(66,000)
GST paid	(54,037)	(546)	(54,583)
Legal fees	-	(91,500)	(91,500)
PAYG paid	(57,697)	(32,351)	(90,048)
Trading expenses	(1,096,839)	(189,338)	(1,286,178)
Transfer to Deed Administrator	(1,139,325)	-	(1,139,325)
Voluntary Administrators disbursements	-	(18,050)	(18,050)
Voluntary Administrators fees	-	(834,257)	(834,257)
Total payments	(2,347,899)	(1,232,069)	(3,579,968)
Net receipts/(payments)	-	43,566	43,566

Appendix B Notice of meeting



Corporations Act 2001

Notice of meeting of creditors to vary or terminate deed of company arrangement

Australian Abrasive Minerals Pty Ltd (Subject to Deed of Company Arrangement) ACN 118 292 756 ('the Company')

Notice is hereby given that a meeting of the creditors of the Company will be held via online conference facilities on 22 October 2020 at 11.00 am AEDT. Registration for the meeting will open from 10.45 am AEDT.

Agenda

The purpose of the meeting is:

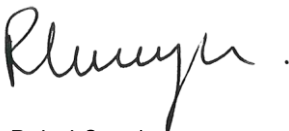
1. To consider an update on the Deed Administration as provided in the Report by Deed Administrators.
2. To consider the internal disbursements of the Voluntary Administrators and remuneration of the Deed Administrators.
3. To consider a proposal to terminate the Deed of Company Arrangement and wind-up the Company.
4. If appropriate, to consider the appointment of Rahul Goyal, John Bumbak and Richard Tucker as Liquidators of the Company.
5. If appropriate, to consider the remuneration of the Liquidators of the Company.
6. Any other business which may properly be brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 11.00 am AEDT on 20 October 2020, by post to KordaMentha, GPO Box 2523, Sydney NSW 2001, faxed to (02) 8257 3099 or scanned and emailed to mbarringtonsmith@kordamentha.com. A Proxy Form is enclosed.

Conference call facilities have been organised for this meeting. The conference call number is (02) 8934 3199. Please contact Michael Barrington-Smith by email at mbarringtonsmith@kordamentha.com at least two business days prior to the meeting, being prior to 20 October 2020 at 11.00 am AEDT, to advise that you will be using the conference call facilities and to be provided the conference call code. Your email must be accompanied by a completed Notice of Electronic Facilities for Meeting Form. Accordingly, one is enclosed at Appendix F of the Report by Deed Administrators.

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules') sets out the entitlement to vote at meetings of creditors – see enclosed to this notice, Section 75-85 of the Rules. To comply with this, a Proof of Debt Form must be lodged. Accordingly, one is enclosed at Appendix D of the Report by Deed Administrators.

Dated: 8 October 2020



Rahul Goyal
Deed Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Enc.

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appendix C Proxy form



Appointment of Proxy

Australian Abrasive Minerals Pty Ltd
(Subject to Deed of Company Arrangement)
ACN 118 292 756 ('the Company')

1. Insert full name and contact details (please print)

Given name

Surname

Company name

Telephone number

Address

2. Appointment of a Proxy (please complete)

I/We, a creditor of the Company appoint:

..... of

as my/our proxy, or in his/her absence _____, to vote at the meeting of creditors to be held via online conference facilities on 22 October 2020 at 11.00 am AEDT or at any adjournment of that meeting.

3. Voting by Your Proxy

Option 1: If appointed as a **general proxy**, as he/she determines on my/our behalf.

☐

and/or

Option 2: If appointed as a **special proxy** for some or all resolutions, specifically in the manner set out below (**please tick**).

☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
1. 'That the internal disbursements of the Voluntary Administrators, including those paid to staff, for the period 24 October 2019 to 24 March 2020 in the amount of \$2,435.47, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020 are approved for payment immediately or as required.'	☐	☐	☐	☐
2. 'That the remuneration of the Deed Administrators of the Company for the period 24 March 2020 to 4 October 2020 in the amount of \$60,750.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'	☐	☐	☐	☐
3. 'That the estimated future remuneration of the Deed Administrators of the Company for the period 5 October 2020 to 22 October 2020 in the amount of \$20,675.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'	☐	☐	☐	☐

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 4. 'That the Deed of Company Arrangement be terminated pursuant to clause 11.7 of the Deed and that the Company be wound up.' | ☐ | ☐ | ☐ | ☐ |
| 5. 'That pursuant to Section 499(2A) of the Corporations Act 2001, Rahul Goyal, John Bumbak and Richard Tucker are to be the Liquidators of the Company.' | ☐ | ☐ | ☐ | ☐ |
| 6. 'That the estimated future remuneration of the liquidators of Australian Abrasive Minerals Pty Ltd (Subject to Deed of Company Arrangement) for the period 22 October 2020 to finalisation of the liquidation is determined at a sum equal to the cost of time spent by the liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request Report to creditors dated 8 October 2020, up to a maximum of \$302,150.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then the liquidators may seek further approval of fees from creditors.' | ☐ | ☐ | ☐ | ☐ |
| 7. 'That the Liquidators be authorised to enter into agreements that may take longer than three months to complete under Section 477(2B) of the Corporations Act 2001.' | ☐ | ☐ | ☐ | ☐ |
| 8. 'That, subject to obtaining ASIC approval pursuant to section 70-35(3) of schedule 2 of the Corporations Act 2001, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company.' | ☐ | ☐ | ☐ | ☐ |

4. Signature Section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated

Certificate of witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I _____ of _____

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness:

Appendix D Proof of debt form



Form 535**Formal proof of debt or claim (General form)**
Australian Abrasive Minerals Pty Ltd
(Subject to Deed of Company Arrangement)
ACN 118 292 756 ('the Company')

To: The Deed Administrators of the Company.

1. This is to state that the Company was on 24 October 2019, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

For \$ _____ GST Amount: \$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
(insert date when debt arose)	(state how the debt arose and attach supporting invoices and statements of account)	(GST inclusive amount)	(include details of voucher substantiating payment)

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
(Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date
------	--------	----------	-------------	----------

3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the email address or fax number listed below.

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone _____ Fax _____

Appendix E Remuneration Approval Request Report





Australian Abrasive Minerals Pty Ltd

(Subject to Deed of Company Arrangement)

ACN 118 292 756

Remuneration Approval Request Report

8 October 2020

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1 Meeting of creditors

The purpose of this report is to provide you with the information you need to be able to make an informed decision at a meeting of creditors regarding the approval of our remuneration for undertaking the liquidation of the Company.

A Meeting of Creditors of the Company pursuant to Section 75-10 of Schedule 2 of the Corporations Act 2001 ('the Act') will be held via online conference facilities on 22 October 2020 at 11.00 am AEDT. Registration for the meeting will commence at 10.45 am AEDT. A Notice of Meeting is attached to the Report by Deed Administrators at Appendix B.

At the meeting, creditors will have an opportunity to consider the progress of the Deed of Company Arrangement ('DOCA') and vote on the resolutions put to the meeting, including terminating the DOCA and winding up the Company, and resolutions on remuneration and internal disbursements.

Conference call facilities have been arranged for the meeting. Creditors intending to use the conference call facilities are required to notify us of their intention to do so and collect conference call details at least two business days prior to the meeting, being by 11.00am AEDT on 20 October 2020. Details of the arrangements are in the attached Notice of Meeting.

2 Remuneration and internal disbursements

In accordance with Section 60-10 of Schedule 2 of the Act, Section 60-20 of Schedule 2 of the Act and the Australian Restructuring Insolvency and Turnaround Association's Code of Professional Practice, we provide the following information in respect of the external administrators' remuneration and internal disbursements for the period from 24 October 2019 to the finalisation of the liquidation.

In the external administration, we are seeking approval of our remuneration on a time basis in accordance with the schedule titled KordaMentha Rates – National – FY21 at Appendix A of this report.

The following information is provided to assist creditors in considering the appropriateness of the remuneration and internal disbursements claims that are being made. Your approval of remuneration and internal disbursements will be sought at the meeting of creditors to be held on 22 October 2020.

The total remuneration for the proposed liquidation is estimated to be \$302,150.00 (excluding GST). This is in line with the estimate provided to creditors in the Report by Administrators issued on 26 February 2020 of \$300,000.00 (excluding GST) for the liquidation period. Additionally, we are seeking approval for remuneration for the DOCA period and for internal disbursements of the Voluntary Administrators as detailed in section 3 of this report.

Remuneration previously approved and being sought for the external administration from creditors at the upcoming meeting is summarised below:

Period of remuneration	Amount \$ (ex GST)
Remuneration to be approved at the meeting on 22 October 2020	
Deed of Company Arrangement	
Resolution 2: 24 March 2020 to 4 October 2020	60,750.00
Resolution 3: 5 October 2020 to 22 October 2020	20,675.00
Total remuneration – Deed of Company Arrangement	81,425.00
Creditors' Voluntary Liquidation	
Resolution 6: 22 October 2020 to finalisation of the Liquidation	302,150.00
Total remuneration – Creditors' Voluntary Liquidation	302,150.00
Remuneration previously approved and paid	
Remuneration previously approved	818,415.00
Total remuneration previously approved and remuneration to be approved	1,201,990.00
Total remuneration paid to date	818,415.00
Total remuneration to be paid	383,575.00

Internal disbursements to be approved at meeting on 22 October 2020	
Resolution 1: 24 October 2020 to 24 March 2020	2,435.47
Total internal disbursements	2,435.47

A breakdown of fees approved and drawn to date by appointment type is detailed in Appendix F of this report.

3 Remuneration

3.1 Declaration

We, Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, have undertaken a proper assessment of the remuneration claims, including a review of the work in progress report, for our appointment as liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

3.2 Remuneration summary

3.2.1 Remuneration claim resolutions

The remuneration resolution being sought is:

Resolution 2

'That the remuneration of the Deed Administrators of the Company for the period 24 March 2020 to 4 October 2020 in the amount of \$60,750.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'

Resolution 3

'That the estimated future remuneration of the Deed Administrators of the Company for the period 5 October 2020 to 22 October 2020 in the amount of \$20,675.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'

Resolution 6

'That the estimated future remuneration of the liquidators of Australian Abrasive Minerals Pty Ltd (Subject to Deed of Company Arrangement) for the period 22 October 2020 to finalisation of the liquidation is determined at a sum equal to the cost of time spent by the liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request Report to creditors dated 8 October 2020, up to a maximum of \$302,150.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then the liquidators may seek further approval of fees from creditors.'

Please refer to the appendices for full details of the remuneration approvals sought.

Approval for the future remuneration sought is based on our best estimate of the work necessary to be completed and we do not anticipate that we will have to ask for approval of any further remuneration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors. If that is the case, we will provide a further remuneration report on the time spent and tasks undertaken, along with a general report on the progress of the liquidation. Matters that may affect the progress of the liquidation and increase the remuneration incurred include:

- Completion of any sale of the Company's assets.
- Liaising with FEG for the payment of outstanding employee entitlements.
- Unexpected issues in relation to the liquidation of the Company.

3.2.2 Remuneration reconciliation

At the second meeting of creditors on 4 March 2020, creditors approved prospective remuneration of \$60,000.00 (excluding GST) for the DOCA period. To date, we have drawn \$60,000.00 (excluding GST) and applied it in payment of our remuneration.

Our remuneration incurred exceeds this previous approval and we are now seeking creditor approval of a further remuneration amount of \$81,425.00 (excluding GST) for the DOCA period. The remuneration now varies from our previous estimate for the following reasons:

- The DOCA period has continued for a term far longer than anticipated.
- The Deed Administrators have had extensive dealings with the deed proponent to seek effectuation of the DOCA since signing on 24 March 2020.
- The Deed Administrators have worked closely with suppliers to ensure the trading position of the administration period was closed out and all of the accounts transitioned to the deed proponents.
- The Deed Administrators commenced the dividend and adjudication process for priority (employee) creditor claims in anticipation of paying the distribution to priority (employee) creditors upon receipt of the DOCA contribution from the proponent.
- The Deed Administrators have continued providing updates to stakeholders, both formally and informally when requested.

In the following table, we compare, on a task basis, our estimated remuneration from the Report by Administrators of 26 February 2020 to our revised estimated total (including actual remuneration and estimated remuneration).

Task	Estimate Hours	Estimate \$	Revised Hours	Revised \$
Assets	11.9	6,000.00	2.9	1,232.50
Creditors	23.7	12,000.00	73.4	32,280.00
Employees	35.6	18,000.00	76.0	30,942.50
Statutory compliance	23.7	12,000.00	74.6	31,780.00
Trading	-	-	62.1	29,780.00
Administration and risk mitigation	23.7	12,000.00	34.9	15,410.00
Total	118.6	60,000.00	323.9	141,425.00
Less unpaid remuneration previously approved and paid				(60,000.00)
Total additional remuneration sought for the Deed Administration				81,425.00

We note that the prolonged timeline of this engagement (due to the above reasons) has led to cost increases across all task areas, except for dealing with assets and therefore costs have exceeded those previously estimated at the second meeting of creditors held on 4 March 2020.

3.3 Remuneration recoverable from external sources

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.

We advise that we have not received funding from any other source.

4 Disbursements

4.1 Declaration

We, Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, have undertaken a proper assessment of disbursements claimed for our appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.2 Disbursements summary

Disbursements are divided into three categories:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.

- Externally provided non-professional disbursements – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged a cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, ASIC charges for appointments and notifiable events, staff travel allowance, staff per diems and data room hosting.

Details of the KordaMentha disbursement policy are included with the enclosed schedule titled KordaMentha Rates – National – FY2021.

4.2.1 Internal disbursements

We are claiming internal disbursements for the software licence required by our Forensic Technology team to perform an in depth analysis of the Company's records for the purpose of our investigations as detailed in the Report by Administrators, released to creditors on 26 February 2020 and available on our website at www.kordamentha.com/creditors/australian-abrasive-minerals-pty-ltd.

The internal disbursements resolution being sought is:

Resolution 1

'That the internal disbursements of the Voluntary Administrators, including those paid to staff, for the period 24 October 2019 to 24 March 2020 in the amount of \$2,435.47, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020 are approved for payment immediately or as required.'

Should additional internal disbursements be necessary, further approval may be sought from creditors.

Please refer to the appendices for full details of the calculation and composition of the internal disbursements approval sought.

4.2.2 External disbursements

We are not required to seek creditor approval for externally provided disbursements but must account to creditors disbursements that have been paid or incurred. Disbursements incurred for the period 24 March 2020 to 8 October 2020 are detailed in Appendix G of this report. Where amounts have been paid to KordaMentha from funds in the administration of the Company for externally provided goods or services, these are reimbursements to KordaMentha for amounts paid by KordaMentha either because KordaMentha was invoiced directly or because funds were not available at the time in the administration. Disbursements detailed in Appendix G of this report that have been paid to date are included in the receipts and payments at Appendix A of the Report by Deed Administrators as 'Appointee Disbursements'. However, the disbursements in Appendix G of this report may also include disbursements that have been incurred by KordaMentha but not yet reimbursed. Where payments to third parties have been paid directly by the Company, these are only included in the receipts and payments at Appendix A of the Report by Administrators.

5 Likely impact on creditors

Section 556 of the Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's remuneration and internal disbursements are paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the liquidation and the value of creditor claims admitted to participate in any dividend.

6 Contact details and further information

You can access information which may assist you on the following websites:

- ARTIA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for 'insolvency information sheets').

Supporting documentation for our remuneration claim may be viewed if requested, provided sufficient notice is given.

If you have any queries or need any assistance with understanding the materials we have sent you, please contact Michael Barrington-Smith on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com.

Dated: 8 October 2020

A handwritten signature in black ink, appearing to read 'Rahul Goyal', followed by a period.

Rahul Goyal
Deed Administrator

Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000

Appendix A Schedule of KordaMentha rates

KordaMentha rates

National

Applicable from 29 June 2020

FY 2021

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	725
Director	675
Associate Director 1	625
Associate Director 2	575
Manager	525
Senior Executive Analyst	475
Executive Analyst	425
Senior Business Analyst	375
Business Analyst	325
Administration	150

**Exclusive of GST*

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances

Description	Charge*
Envelopes and postage (varies due to size and destination)	\$1.15 to \$2.73 per envelope – Australia \$2.63 to \$3.62 per DL envelope – overseas
Printing (internal print runs)	\$0.06 per page
ASIC charges for appointments and notifiable events (updated 1 July 2020)	These amounts will be charged at cost, if known at the time it is charged, or at an estimated amount, if known at the time it is charged, or at the last issued estimated amount or actual cost, as advised by ASIC. The current actual cost and estimated cost amounts are as detailed below: \$77.00 per appointee or notifiable event for FY18 at cost – advised by ASIC Jan 2019 \$97.42 per appointee or notifiable event for FY19 at cost – advised by ASIC Jan 2020 \$115.00 per appointee or notifiable event for FY20 and FY21 at estimated amount – advised by ARITA Jun 2019
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
RelativityOne fee	User licence fees (including analytics) \$150 per user per month
	Data hosting \$22.50 per GB per month
	Repository workspace \$7.50 per GB per month
	Cold storage \$5.65 per GB per month
	<i>Note: only one of Data hosting, Repository workspace or Cold storage cost will be charged at any one time</i>
Dataroom fee (varies based on MB size)	0–300 MB \$1,000 per month
	300–1000 MB \$1,000 + \$2.50/MB per month
	1000–5000 MB \$2,750 + \$1.25/MB per month
	5000+ MB \$7,750 + \$0.60/MB per month

**Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost. Dataroom rates applicable at the time of establishment are fixed for the duration of the dataroom. If lower rates are negotiated, then they will apply to datarooms established from that point in time.*

KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Appendix B Resolution 2

B.1 Resolution

At the Meeting of Creditors to be held on 22 October 2020, creditors of the Company will be asked to consider the following resolution for the period 24 March 2020 to 4 October 2020:

'That the remuneration of the Deed Administrators of the Company for the period 24 March 2020 to 4 October 2020 in the amount of \$60,750.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'

B.2 Calculation of actual fees

The basis of calculating the remuneration claim is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the deed of company arrangement for the period 24 March 2020 to 4 October 2020 and the remuneration associated with that time, which is the basis of Resolution 2. More detailed descriptions of the major tasks performed and the costs associated with each of those major tasks areas, matching the amounts in this table, are also included in the appendix.

	Task areas						
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
Total	120,750.00	1,232.50	22,655.00	28,092.50	25,305.00	29,780.00	13,685.00
Less unpaid remuneration previously approved	(60,000.00)						
Total	60,750.00						

B.3 Summary of work completed

Detailed below is a summary of work completed by task area for the deed of company arrangement period from 24 March 2020 to 4 October 2020.

Task area	General description	Details of tasks
Assets 2.9 hours 1,232.50	Cash at bank	• Liaising with the bank regarding cash on hand and completion of reconciliations
Creditors 54.4 hours \$22,655.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Compiling information requested by creditors
	Secured creditor	• Correspondence and discussions with secured creditor, including fortnightly update reports • Meetings with secured creditor
	Reports to creditors	• Preparation of update reports to stakeholders including creditors • Preparation of the Report by Administrator
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register
Employees 70.0 hours \$28,092.50	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail and email
	Entitlements	• Review of employee records, employee agreements and awards • Correspondence with employees re entitlements and any queries
	Workers compensation	• Correspondence and calculation regarding workers' compensation
	Distribution	• Correspondence with employees regarding distribution, including verification of personal details • Providing updates to employees on progress of the distribution • Review of entitlements with respect to the distribution
Statutory compliance 61.6 hours \$25,305.00	Books and records	• Administration in relation to storage
	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms • Correspondence with ASIC regarding statutory forms
	DOCA	• Dealing with matters in relation to the effectuation of the DOCA • Correspondence with the Deed proponent
	ATO and other statutory reporting	• Correspondence with ATO • Preparation of BAS returns • Completion of payment summaries and reconciliation
	Directors	• Correspondence with directors

Task area	General description	Details of tasks
Trading 62.1 hours \$29,780.00	Trade on management	• Liaising with suppliers and employees regarding the Voluntary Administrators trading period • Preparation and authorisations of receipt and payment forms • Reconciling payroll issues • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	• Meetings to discuss trading position • Preparation of updates • Update and review of the cash flow forecast
Administration and risk mitigation 30.9 hours \$13,685.00	Planning/review	• Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Filing of documents • Update of work programs • File review
	Bank account administration	• Preparation of transactions • Bank account reconciliations
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details

Australian Abrasive Minerals Pty Ltd

(Subject to Deed of Company Arrangement)

Summary of person by task area for the period 24 March 2020 to 4 October 2020

Name	Title	Standard rate	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		TRADING		CREDITORS		EMPLOYEES		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Rahul Goyal	PARTNER	725.00	8.0	5,800.00	-	-	-	-	1.0	725.00	1.5	1,087.50	0.4	290.00	10.9	7,902.50
David Osborne	EXECUTIVE DIRECTOR	725.00	-	-	11.5	8,337.50	-	-	14.2	10,295.00	4.3	3,117.50	8.4	6,090.00	38.4	27,840.00
Paul Hewson	DIRECTOR	675.00	-	-	-	-	-	-	-	-	-	-	0.5	337.50	0.5	337.50
Kyle Carless	MANAGER	525.00	-	-	0.3	157.50	-	-	-	-	-	-	-	-	0.3	157.50
James Cox	EXECUTIVE ANALYST	425.00	0.3	127.50	-	-	-	-	-	-	-	-	-	-	0.3	127.50
Michael Barrington-Smith	EXECUTIVE ANALYST	425.00	13.7	5,822.50	29.7	12,622.50	2.9	1,232.50	38.7	16,447.50	39.5	16,787.50	38.7	16,447.50	163.2	69,360.00
Tully Cameron	EXECUTIVE ANALYST	425.00	2.1	892.50	-	-	-	-	1.2	510.00	-	-	-	-	3.3	1,402.50
Damien Rosario	SENIOR BUSINESS ANALYST	375.00	0.1	37.50	-	-	-	-	-	-	-	-	-	-	0.1	37.50
Alice Zhu	BUSINESS ANALYST	325.00	-	-	0.8	260.00	-	-	-	-	-	-	-	-	0.8	260.00
Clarisse Lemos	BUSINESS ANALYST	325.00	-	-	2.7	877.50	-	-	-	-	-	-	-	-	2.7	877.50
Jack Gibson	BUSINESS ANALYST	325.00	-	-	0.2	65.00	-	-	-	-	-	-	-	-	0.2	65.00
Jake Knight	BUSINESS ANALYST	325.00	-	-	1.6	520.00	-	-	-	-	-	-	9.3	3,022.50	10.9	3,542.50
Joanie Zhang	BUSINESS ANALYST	325.00	-	-	0.2	65.00	-	-	-	-	-	-	-	-	0.2	65.00
Kayne Domanko	BUSINESS ANALYST	325.00	-	-	0.1	32.50	-	-	-	-	-	-	-	-	0.1	32.50
Khang Nguyen	BUSINESS ANALYST	325.00	-	-	0.9	292.50	-	-	-	-	-	-	-	-	0.9	292.50
Nicholas Spanner	BUSINESS ANALYST	325.00	-	-	0.2	65.00	-	-	4.3	1,397.50	1.7	552.50	-	-	6.2	2,015.00
Chelsi Trajcewski-cas	UNDERGRADUATE	150.00	-	-	10.8	1,620.00	-	-	1.7	255.00	7.4	1,110.00	12.7	1,905.00	32.6	4,890.00
Tania Buchanan-cas	UNDERGRADUATE	150.00	-	-	-	-	-	-	1.0	150.00	-	-	-	-	1.0	150.00
Danielle Brown	ADMIN	150.00	1.0	150.00	-	-	-	-	-	-	-	-	-	-	1.0	150.00
Diana D'Amato	ADMIN	150.00	0.8	120.00	-	-	-	-	-	-	-	-	-	-	0.8	120.00
Tracey Crawford	ADMIN	150.00	4.0	600.00	-	-	-	-	-	-	-	-	-	-	4.0	600.00
Glen Reeves	ADMIN	150.00	0.4	60.00	1.3	195.00	-	-	-	-	-	-	-	-	1.7	255.00
Naomi Abela	ADMIN	150.00	0.4	60.00	-	-	-	-	-	-	-	-	-	-	0.4	60.00
Tiffany Shirley (Bremmell)	ADMIN	150.00	0.1	15.00	-	-	-	-	-	-	-	-	-	-	0.1	15.00
Zendie De Guzman	ADMIN	150.00	-	-	1.3	195.00	-	-	-	-	-	-	-	-	1.3	195.00
Total remuneration			30.9	13,685.00	61.6	25,305.00	2.9	1,232.50	62.1	29,780.00	54.4	22,655.00	70.0	28,092.50	281.9	120,750.00

Appendix C Resolution 3

C.1 Resolution

At the Meeting of Creditors to be held on 22 October 2020, creditors of the Company will be asked to consider the following resolution for the period 5 October 2020 to 22 October 2020.

'That the estimated future remuneration of the Deed Administrators of the Company for the period 5 October 2020 to 22 October 2020 in the amount of \$20,675.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020, is approved for payment immediately or as required.'

C.2 Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Deed Administrators and KordaMentha staff in the deed administration for the period 5 October 2020 to 22 October 2020, which is the basis of Resolution 3. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
Estimated total	20,675.00	-	9,625.00	2,850.00	6,475.00	-	1,725.00

C.3 Summary of tasks to be undertaken

Detailed below is a summary of work expected to be undertaken by task area for the period from 5 October 2020 to 22 October 2020.

Task area	General description	Details of tasks
Creditors 19.0 hours \$9,625.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email
	Secured creditor	• Correspondence and discussions with secured creditor
	Reports to creditors	• Preparation of correspondence to creditors • Finalisation of the Report by Administrators
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Distribution of notice of meeting to all known creditors • Preparation for meeting, including agenda and other required documentation • Conduct of meeting • Responding to stakeholder queries and questions re the meeting
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register
Employees 6.0 hours \$2,850.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail and email
Statutory compliance 13.0 hours \$6,475.00	ASIC	• Notifications to ASIC
	Directors	• Correspondence with directors
	ATO and other statutory reporting	• Correspondence with ATO • Preparation of BAS returns • Correspondence with other statutory bodies including NT Revenue and Department of Primary Industries and Resources
Administration and risk mitigation 4.0 hours \$1,725.00	Bank account administration	• Preparation of transactions • Bank account reconciliations
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation

Appendix D Resolution 6

D.1 Resolution

At the meeting of creditors to be held on 22 October 2020, creditors of the Company will be asked to consider the following resolution for the period 22 October 2020 to the finalisation of the liquidation.

'That the estimated future remuneration of the liquidators of Australian Abrasive Minerals Pty Ltd (Subject to Deed of Company Arrangement) for the period 22 October 2020 to finalisation of the liquidation is determined at a sum equal to the cost of time spent by the liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request Report to creditors dated 8 October 2020, up to a maximum of \$302,150.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then the liquidators may seek further approval of fees from creditors.'

D.2 Calculation of actual fees

The basis of calculating the remuneration claim is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the liquidation for the period 22 October 2020 to the finalisation of the liquidation and the remuneration associated with that time, which is the basis of Resolution 6. More detailed descriptions of the major tasks performed and the costs associated with each of those major tasks areas, matching the amounts in this table, are also included in the appendix.

	Task areas						
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
Estimated total	302,150.00	91,625.00	33,875.00	26,400.00	39,000.00	80,750.00	30,500.00

D.3 Summary of work completed

Detailed below is a summary of work completed by task area for the deed of company arrangement period from 22 October 2020 to the finalisation of the liquidation.

Task area	General description	Details of tasks
Assets 155.0 hours \$91,625.00	Sale of business	• Preparation of information memorandum • Liaising with purchasers • Assessment of offers • Negotiation with purchasers • Sale agreement • Completion • Post completion issues
	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Leased assets	• Review of security documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
Creditors 68.0 hours \$33,875.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail, email and facsimile • Compiling information requested by creditors
	Secured creditor	• Correspondence and discussions with secured creditor, including update reports • Meetings with secured creditor • Distribution to secured creditor
	Reports to creditors	• Preparation of initial correspondence to creditors • Preparation of reports to creditors
	Meeting of creditors	• Responding to stakeholder queries and questions re the meeting
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register
Employees 52.0 hours \$26,400.00	Employee enquiries	• Prepare initial correspondence to employees • Receive and follow up employee enquiries via telephone, mail, email and in person • Correspondence to employees via mail, email and facsimile
	Fair Entitlement Guarantee	• Correspondence re FEG • Preparation of notification spreadsheet • Preparation of FEG quotations • Completion of FEG questionnaires
	Entitlements	• Correspondence with employees re entitlements and any queries
	Workers compensation	• Review insurance policies • Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements

Task area	General description	Details of tasks
Statutory compliance 75.0 hours \$39,000.00	Other employee issues	- Correspondence with superannuation funds, ATO and state revenue offices - Completion of PAYG Summaries
	Books and records	Administration in relation to storage
	ASIC	- Notifications to ASIC - Preparation and lodgement of ASIC forms, including administration returns - Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	- Notification of appointment - Correspondence with ATO - Preparation of BAS returns - Reconciliation of payments to employees and provision of annual summaries to employees and ATO
	Meeting of creditors	Preparation and lodgement of minutes of meeting with ASIC
	Investigation	- Review of books and records - Review of specific transactions and liaising with directors re transactions - Preparation of investigation file - Preparation of statutory investigation report and lodgement with ASIC - Liaising with ASIC
	Litigation/recoveries	- Review of potential recoveries - Internal meetings to discuss status of litigation - Liaising with solicitor re recovery actions
Trading 150.0 hours \$80,750.00	Ceasing to act	- Notification to ASIC - Notification to ATO, including cancellation of registrations
	Trade on management	- Liaising with suppliers and employees - Attendance on site - Managing purchase orders and supply agreements - Preparation and authorisations of receipt and payment forms - Payroll issues - Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	- Review of company's budgets, management reports and financial statements - Planning and review of trading strategy - Preparation of budgets - Meetings to discuss trading position
Administration and risk mitigation 65.0 hours \$30,500.00	Planning/review	- Engagement planning - Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	- Review of administration – during first month, then 6 monthly - Filing of documents - Update of work programs - File review

Task area	General description	Details of tasks
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurance brokers re initial and ongoing insurance requirements • Review of insurance policies
	Bank account administration	• Opening and closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions, arrangements and bank statements
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Security	• Review of security adequacy • Implement security measures
	Other appointees	• Correspondence with Receiver and Manager
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix E Resolution 1

E.1 Resolution

At the Meeting of Creditors to be held on 22 October 2020, creditors of the Company will be asked to consider the following resolution for the period 24 October 2019 to 24 March 2020:

‘That the internal disbursements of the Voluntary Administrators, including those paid to staff, for the period 24 October 2019 to 24 March 2020 in the amount of \$2,435.47, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 8 October 2020 are approved for payment immediately or as required.’

E.2 Calculation of internal disbursements

The basis of calculating the internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 24 October 2019 to 24 March 2020, which is the basis of Resolution 1.

Resolution 1: Internal disbursements incurred during the period 24 October 2019 to 24 March 2020	Actual \$ (excluding GST)
Internal disbursements	
RelativityOne fee	2,435.47
Total – Internal disbursements for Resolution 1	2,435.47

Appendix F Remuneration approved and drawn to date

Remuneration for the period of the Voluntary Administrators and the Deed Administrators was previously approved in the sum of \$818,415.00, excluding GST.

The table below details the remuneration approved previously by the creditors of the Company and the remuneration drawn down to date.

Remuneration previously approved	Approved \$ (ex GST)	Drawn to date \$ (ex GST)	To be drawn \$ (ex GST)
Voluntary Administration	758,415.00	758,415.00	-
Deed Administration	60,000.00	60,000.00	-
Total remuneration	818,415.00	818,415.00	-

Appendix G Deed Administrators' external disbursements

Externally provided disbursements incurred during the period 24 March 2020 to 8 October 2020	Basis	Actual \$ (ex GST)
Disbursements	At cost	
Search fees		24.85
Total disbursements		24.85

Appendix F Notice of electronic facilities for meeting



Corporations Act 2001

Notice of electronic facilities for meeting

Australian Abrasive Minerals Pty Ltd
(Subject to Deed of Company Arrangement)
ACN 118 292 756 ('the Company')

Notice is given that a meeting of creditors of the Company is to be held via online conference facilities on 22 October 2020. Registration for all creditors will open at 10.45 am with the meeting commencing at 11.00 am AEDT.

Conference call facilities have been organised for this meeting. The conference call number is (02) 8934 3199. Please contact Michael Barrington-Smith on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com at least two business day prior to the meeting, being prior to 20 October 2020 at 11.00 am AEDT, to advise that you will be using the conference call facilities and to be provided the conference call code. The required details are listed below. You may complete this and return within the required time frame. If you are representing a company, a proxy form will also need to be provided.

The following details must be provided:

Name of Creditor:

Name of proxy or attorney (if applicable):

Address to which notices are to be sent:

Telephone contact details for the purpose
of the meeting:

Dated: 8 October 2020



Rahul Goyal
Deed Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001